

Message Text

CONFIDENTIAL

PAGE 01 BUENOS 08428 191608Z

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 AID-20 COME-00 INT-08 SCEM-02

SCI-06 OMB-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 DRC-01 /180 W

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R 191510Z NOV 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4348

AMEMBASSY LA PAZ

AMEMBASSY ASUNCION

AMEMBASSY BRASILIA

C O N F I D E N T I A L BUENOS AIRES 8428

E.O. 11652: GDS

TAGS: PFOR, AR, BL

SUBJECT: VISIT TO ARGENTINA OF PRESIDENT BANZER

1. SUMMARY. THIS WEEK'S STATE VISIT TO BUENOS AIRES BY BOLIVIAN PRESIDENT BANZER PROVIDED FIRST TEST OF GOA'S NEW DIPLOMATIC OFFENSIVE. WHILE ECONOMIC ASPIRATIONS OF GOA DO NOT SEEM TO HAVE BEEN ACHIEVED, BANZER VISIT PROBABLY SERVED GOA'S GENERAL POLITICAL LINE. END SUMMARY

2. THIS WEEK'S VISIT BY BOLIVIAN PRESIDENT BANZER HAS BEEN WIDELY BILLED IN ARGENTINA AS THE OPENING SHOT IN THE GOA'S NEW DIPLOMATIC OFFENSIVE. THIS WAS TO BE THE OPPORTUNITY TO DEMONSTRATE THAT ARGENTINA, UNDER PERON, HAD BEGUN TO REVERSE ITS LOSS OF INFLUENCE TO BRAZIL IN LA AND WAS AGAIN CONTENDING FOR HEMISPHERIC LEADERSHIP. JUST AS THE YACIRETA-APIPE AGREEMENT WOULD BALANCE THE ITAIPU TREATY (BRAZIL-PARAGUAY), SO WOULD GOA DEALS FOR BOLIVIAN NATURAL RESOURCES LIKEWISE COUNTER THE BRAZILIAN DRIVE FOR ECONOMIC HEGEMONY IN BOLIVIA.

3. THE PRESS COVERAGE OF ARGENTINE-BOLIVIAN RELATIONS BEFORE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUENOS 08428 191608Z

THE ANNOUNCEMENT OF BANZER'S VISIT BORE A STRIKING RESEMBLANCE

TO THE COVERAGE OF ARGENTINE-PARAGUAYAN RELATIONS BEFORE AGREEMENT IN PRINCIPLE ON YACIRETA-APIPE WAS ANNOUNCED. IN BOTH CASES SMALL LA COUNTRIES WERE DESCRIBED IN ARGENTINE PRESS AS VICTIMS OF BRAZIL'S RELENTLESS ECONOMIC AND POLITICAL ENCROACHMENTS WHICH HAVE LATIN AMERICAN HEGEMONY AS FINAL OBJECT. IN THE ARGENTINE VIEW, WITHOUT THE NATURAL COUNTERWEIGHT OF ARGENTINA, WHICH POPULAR LOCAL LINE ASSERTS HAS HAD NO REAL FOREIGN POLICY IN RECENT YEARS, SMALL LATIN AMERICAN STATES HAD NO ALTERNATIVE BUT TO DEAL WITH BRAZIL - OFTEN ON UNFAVORABLE TERMS. THE "NEW" GOA FOREIGN POLICY WOULD, HOWEVER, REVERSE THIS AND IN ONE STROKE PURSUE MORE ADROITLY ARGENTINE ECONOMIC INTERESTS IN NEIGHBORING STATES, REASSERT ARGENTINE CLAIMS TO LATIN AMERICAN LEADERSHIP AND, AS RESULT, OFFER OTHER STATES AN ALTERNATIVE TO THE BRAZILIANS.

4. WITH RESPECT TO SPECIFICS OF BANZER VISIT, THE GOA APPEARS TO HAVE FAILED TO CONCLUDE MAJOR ECONOMIC DEALS AS IT APPARENTLY HAD HOPED. LAST WEEK "INFORMED SOURCES" WERE FLOATING STORY THAT GOA, IN EXCHANGE FOR NATURAL RESOURCES, WOULD PROVIDE LARGE INFRASTRUCTURE PROJECTS AND OTHER ECONOMIC ASSISTANCE TO BOLIVIA. IN FACT, THIS ESTIMATE OF THE POSSIBILITIES FOR CONCRETE ECONOMIC AGREEMENTS PROVED TOO OPTIMISTIC AND THE GOA SETTLED FOR A FACE-SAVING COMMUNIQUE WHICH DEALT IN MOST GENERAL TERMS WITH NEED FOR COOPERATION IN AREAS OF OIL, NATURAL GAS, INFRASTRUCTURE PROJECTS AND "OTHER ECONOMIC AREAS OF MUTUAL BENEFIT." ARGENTINE ATTEMPTS TO OBTAIN ACCESS TO BOLIVIAN IRON ORE AND GAS AT CONCESSIONARY PRICES APPARENTLY FAILED.

5. WHILE FAILING TO ACHIEVE MAJOR ECONOMIC GOALS, GOA CAN TAKE SOME COMFORT IN FACT THAT LA PAZ APPEARED TO TREAT ARGENTINE AS SERIOUS COUNTERWEIGHT TO BRAZILIANS. LOCAL PRESS AND INFORMED OPINION NOTED THAT WHILE A BOLIVIAN DELEGATION WAS IN BRAZIL TO NEGOTIATE NATURAL GAS DEAL, PRESIDENT BANZER HIMSELF WAS IN BUENOS AIRES TALKING TO PERON. THIS IS SEEN HERE AS EVIDENCE THAT PERON'S FOREIGN POLICY, UNLIKE PREDECESSORS', IS BEING TAKEN SERIOUSLY IN LATIN AMERICA. TUESDAY, NOV 13, LEAD EDITORIAL IN JORNAL DE BRASIL ASKING FOR END TO ARGENTINE-BRAZILIAN COMPETITION AND CALLING FOR COOPERATION IS TAKEN AS AN ADDITIONAL CLEAR SIGN BY MOST

CONFIDENTIAL

PAGE 03 BUENOS 08428 191608Z

ARGENTINES THAT PERON ON RIGHT TRACK.

6. COMMENT. INDEED, IT COULD BE ARGUED THAT VERY SUCCESS OF GOA IN WANTING TO BE TAKEN SERIOUSLY AS COUNTERWEIGHT TO BRAZILIANS MAY EXPLAIN THEIR FAILURE TO REACH HOPED FOR ECONOMIC DEALS WITH BANZER. BANZER MAY HAVE MADE LOGICAL CONCLUSION THAT WITH TWO EAGER BUYERS, NEED TO REACH DEAL AT THIS TIME NOT PRESSING - OR MAY HAVE OVERPLAYED HIS HAND.

7. BANZER, IN LOCAL PRESS CONFERENCE, DENIED THAT BOLIVIA HAD ANY POLICY OTHER THAN ONE THAT SOUGHT BEST DEAL FOR BOLIVIA WHILE SEEKING FRIENDSHIP OF ALL LATIN AMERICAN STATES. PERON'S IRRITATION WITH BANZER'S REFUSAL TO REACH ECONOMIC AGREEMENT SHOWED IN HIS FAILURE TO ACCOMPANY BOLIVIAN PRESIDENT TO AIRPORT (VIGNES DID HONORS) AND HIS CANCELLATION OF PLANNED RADIO HOOKUP WHICH WAS TO CARRY FINAL REMARKS OF BOTH MEN ON NATIONAL RADIO CHAIN.

8. COMMENT. GOA CLEARLY SEEKS GOOD RELATIONS WITH BOLIVIA, BUT DOES SO LESS FOR INTRINSIC VALUE OF SUCH TIES THAT FOR PERCEIVED NECESSITY TO COUNTER BRAZIL AND TO PLAY LEADERSHIP ROLE IN LATIN AMERICA. POSSIBILITY THAT GOA WILL FOLLOW UP BANZER MEETING WITH NEW ATTEMPT TO NAIL DOWN AGREEMENT ON IMPORTS OF NATURAL GAS OR IRON ORE QUITE POSSIBLE.
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